

# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

June 2005

### National Commodity Prices for Butter and Cheese Edge Upward . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for Cheddar cheese and Grade A Butter recorded increases compared to last month. Consequently, the prices for whole, reduced fat, lowfat, and skim milk all increased: whole milk increased three and seven tenths cents per gallon; reduced fat milk increased three and one tenth cents per gallon; lowfat milk increased two and eight tenths cents per gallon; and skim milk increased two and zero tenths cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

Milk production across the U.S. and California is ahead of last year levels, aided by spring and summer-like weather across much of the country. The demand for dairy products has been holding strong and retail sales of cheese and butter remain up. The production of cheese and butter has been steady and on the increase to meet the demand. There is more than enough milk and cream in all regions of the country as milk production continues to be at a seasonal high.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for July 2005

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole Milk	\$1.306	\$0.653	\$0.327	\$0.163	\$0.109	\$0.082
Reduced Fat (2%)	\$1.202	\$0.601	\$0.301	\$0.150	\$0.100	\$0.075
Lowfat (1%)	\$1.143	\$0.572	\$0.286	\$0.143	\$0.095	\$0.071
Nonfat (Skim)	\$0.868	\$0.434	\$0.217	\$0.109	\$0.072	\$0.054
<b>Southern California</b>						
Whole Milk	\$1.329	\$0.665	\$0.332	\$0.166	\$0.111	\$0.083
Reduced Fat (2%)	\$1.226	\$0.613	\$0.307	\$0.153	\$0.102	\$0.077
Lowfat (1%)	\$1.167	\$0.583	\$0.292	\$0.146	\$0.097	\$0.073
Nonfat (Skim)	\$0.893	\$0.446	\$0.223	\$0.112	\$0.074	\$0.056

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.037	\$0.019	\$0.009	\$0.005	\$0.003	\$0.002
Reduced Fat (2%)	\$0.031	\$0.016	\$0.008	\$0.004	\$0.003	\$0.002
Lowfat (1%)	\$0.028	\$0.014	\$0.007	\$0.003	\$0.002	\$0.002
Nonfat (Skim)	\$0.020	\$0.010	\$0.005	\$0.002	\$0.002	\$0.001

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

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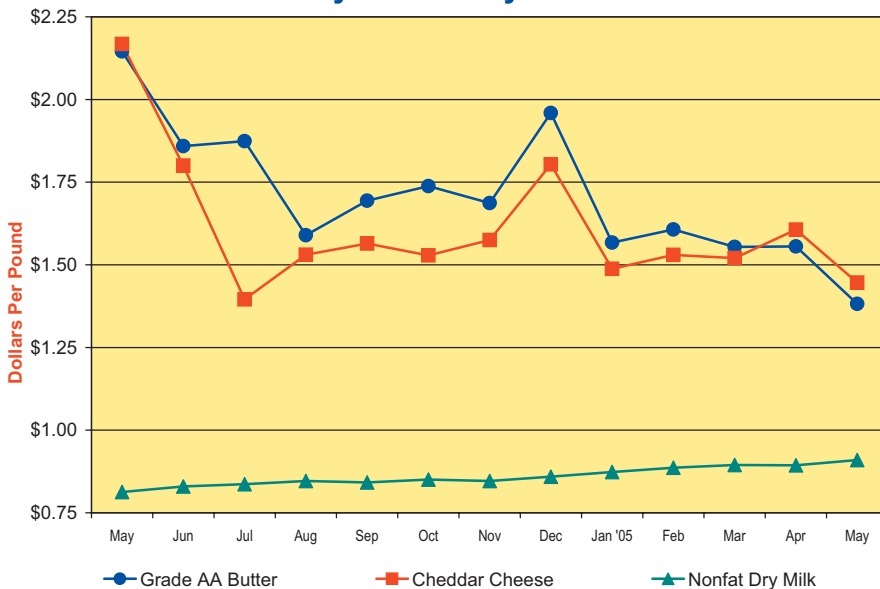
## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
August '04	\$0.21	\$1.68	\$0.63
September	\$0.21	\$1.68	\$0.63
October	\$0.20	\$1.53	\$0.58
November	\$0.20	\$1.53	\$0.58
December	\$0.21	\$1.63	\$0.61
January '05	\$0.21	\$1.63	\$0.61
February	\$0.21	\$1.56	\$0.59
March	\$0.21	\$1.56	\$0.59
April	\$0.21	\$1.50	\$0.57
May	\$0.21	\$1.50	\$0.57
June	\$0.21	\$1.40	\$0.54

### National Commodity Prices May 2004 - May 2005



### Lowest Reported Lawful Retail Prices for Milk June 2005

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.59	\$2.30
Reduced Fat	\$4.39	\$2.20
1% Lowfat	\$4.39	\$2.20
Nonfat/Skim	\$3.59	\$1.80
<u>Southern California</u>		
Whole Milk	\$4.55	\$2.28
2% Reduced Fat	\$4.29	\$2.15
1% Lowfat	\$4.29	\$2.15
Nonfat/Skim	\$3.55	\$1.78

This newsletter can also be found on our website at:  
[www.cdffa.gov/dairy/milkpricing-nl.html](http://www.cdffa.gov/dairy/milkpricing-nl.html)

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdffa.ca.gov](mailto:dairy@cdffa.ca.gov), or by contacting TDD 1-800-735-0193.

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